

Springerville Town Council  
Budget Work Session  
Minutes  
June 25, 2008  
5:00 p.m.

Present: Mayor Mary Nedrow, Vice Mayor Eric Baca, Bill Lucas, Ron Thebeau and Phelps Wilkins

Staff: Steve West Town Manager, Val Cordova Town Clerk, Karen Asquith Finance Director, Larisa Bogardus Community Dev. Director, Tom Malone Public Works Director, Linda Matthews Casa Malpais Manager, Sharon Pinckard Community Services Director, and Max Sadler Fire Chief.

Public: Dennis Weiskircher Chamber President Elect, and Jennifer Prochnow Chamber Director.

1. The meeting was called to order by Mayor Nedrow at 5:05p.m.
2. Town of Springerville Budget: Discussion regarding the Town's FY08-09 budget.

Mayor Nedrow asked the council members if they had reviewed the budget and did they call the town manager with any questions noting that the objective tonight is to listen to the budget but it won't be adopted.

Chamber of Commerce:

Jennifer Prochnow presented a budget for the Chamber of Commerce stating that they will appreciate any support the town can give. This year is a tight year with a lot of budget cuts within the Towns and business members of the chamber. She stated they will do their best to stay within the same level of operation. They will have to look at their budget to see what areas they can adjust to the funding they receive. Some of the things they will look at adjusting is hours of operation and advertising.

Chamber President Elect Dennis Weiskircher also spoke on behalf of the Chamber stating that what ever level the Town funds the Chamber at they will do the best they can for our community. They will work closely with the Towns and businesses and deal with the reality of cut backs. He thanked the Town for the past and future support. Mr. Weiskircher noted that the budgeted amount for the chamber this year is \$30,000. When asked about paying rent he stated that they do pay rent, however the Chamber received free internet service, water, sewer and electricity which saves the Chamber money.

Mr. West commended Karen for the exceptional job she did at marrying this with little or no budget from prior years and getting it straightened out.

Karen Asquith explained that the budget was done as a draft to ask questions and make comments. She reminded the council that there were some issues that came in last year, some emergency situations, things that popped up that were not generally known, threat of \$169,000 tax levy from the IRS, adopted a rate plan that provided some relief of transfers from the general fund and has saved \$90,000 by switching carriers. Last years budget was artificially low, there was no training, no capital acquisition, there were no raises in common with the state. She asked the council to keep in mind that as they look at the variance column the increases and decreases are variances from last years budget mostly because they budgeted so low last year. She noted that this is the first year we have budgeted for the airport based on six or seven months of data. There have been huge jumps in revenue over the last few months because of the seasonal fuel sales. Markets adjustments have been put in for the public works people and department heads. Public works employees are paid an average of 11% below market for comparable positions in comparable towns and department heads 17%. Public works employees were funded at the 11% but department heads were funded at 7% increases not 17%. The increased were funded from the savings from the health insurance costs. These are personnel related expenses and total costs to the town is \$45,000 for all the benefits and payroll taxes.

Revenue estimates are annualized based on actuals at the end of May and will be adjusted for actuals at the end of June. Karen reported that revenue is pretty flat but felt that it was better budgeted this year.

They predicted a 5% increase in sales tax this year over last year's actuals. They came in higher than they budgeted. With the reduction and increase fluctuations and small increase in capital improvements the town has manager to have a small surplus this year. She would also like to make a commitment to rebuild the reserves this year.

If there are no major changes in this budget a tentative budget will be brought to them next week.

Mayor Nedrow questioned the average wage with the 11% market adjustment. Tom Malone answered that this would bring them to an average of \$14.00 to \$15.00 an hour.

Councilman Thebeau questioned whether this was an 11% what they were lagging or is this an 11% across the board increase in wages. He stated his concern that 11% is significantly large and asked why wasn't it phased in over a period of time and is there a projection to do this every year. He asked if he could come in and talk to either Steve or Karen after tonight if he has any other questions.

Mr. West explained that in past years this has been hit and miss. Matrixes had been built that would allow the increase over time. Because of budget reductions the matrix could no longer be followed. There are times that the worker gets the brunt of the low budget. The basis on which this is based is from a booklet put out by the League of Cities and Towns. This booklet contains the information on all of the jobs and the average for the population. Even at the 11% we may be hitting the median salary. This is a salary based on the extensive salary study across the whole state. Mr. West also noted that for a couple of years the COLA's went toward their retirement. This doesn't raise them to a high end only to a low to medium within the state average.

Councilman Wilkins stated that he didn't have a problem with the 11% raise because they have been so far behind.

General Fund Revenue: No questions or changes

Mayor & Council: Mayor Nedrow asked if the council members wanted to consider salary raises for the council. The consensus was to leave it as it is. Councilman Thebeau asked if they could use a city vehicle to travel in if one is available should they need to travel. He was advised that they could.

General Government: Councilman Wilkins questioned when the town would received the electricity from the Parker Davis Allocation.

Mr. West explained that we would not receive this until the end of October or first of November. Karen explained that the rate reduction will only be available for sewer treatment only. We cannot use the electricity town wide. They can't tell how it is going to work or what the rates are going to be. She believes that the savings to the town will be minimal.

Councilman Baca asked what the property, casualty liability insurance was. Karen explained that this was allocated among the various operational units of the town. It is now consolidated into the general fund operations.

Karen explained that SWRS provides the insurance to all municipalities in the State.

Councilman Thebeau asked whether we had shopped around for insurance.

Mr. West explained that we use this insurance because they are the State norm and the cheapest liability insurance for municipalities that have extreme amounts of liability. They are the single source, for the best coverage for the most reduced cost.

Mayor Nedrow asked if line 972 transfer to the senior center had changes. Karen advised her that yes it had changes. There are some minor changes in the budget.

Sharon Pinckard from Community Services said that she is now asking for \$69,000 instead of \$51,501. There was more discussion regarding the confusion of numbers from two years back. Mayor Nedrow and Councilman Thebeau were asked to pull the page and they could come back.

Magistrate: No changes were requested.

Administration: There were no changes.

Councilman Thebeau asked how many people administration covered. He was advised that this covered the town manager and town clerk and operations of administration.

Councilman Baca asked what communications covered:

Mr. West explained they were the phones.

Finance: There were no changes.

Councilman Baca had concerns with the computer maintenance:

Val explained that this was the support system for the Caselle financial software.

GIS: Mr. West explained that this is the Global Information System. Homeland Security grants purchased the software for us. This allows our public works department to get a longitude and latitude and they can then input the data history on the infrastructure. This was carried over from last year.

Councilman Thebeau asked if this projected cost would go up next year.

Mr. West said that it depends on how much is contracted. This includes the contractor Rob Toy and the upgrades and updates to the existing system in this next year however it could go down again like this past year.

Community Development: Councilman Lucas asked what the engineering and architectural services. Ms. Bogardus explained that this cost is for town engineers to review data provided by developers for developments. There was discussion regarding salaries. Mr. West explained that salaries in this budget are for three employees.

Police Department: Mr. West explained the dispatching services. Apache County has advised Springerville, Eagar and the ambulance service that we will have to start paying for services. The projected costs are \$14,000 in fire and police. There is currently isn't an agreement.

Animal Control: No changes

Fire Department: Funds of \$5,500 was added for vehicle maintenance \$2,500 and \$3,000 for equipment maintenance.

Max advised the council that money has been budgeted for some repairs in the fire station.

Karen noted that the council will have an updated budget by the next meeting.

Building Maintenance: No changes

Mechanic Shop: Legal services line item was removed and put into line 308.

Parks and Cemetery: Councilman Baca asked about vehicle fuel. Mr. West explained that this is broken up into percentages by departments.

Casa Malpais: Mr. West explained that there is an intermingling of Casa and the Chamber and felt that in order to get a true picture of what Casa can do it needs to be delineated.

Mayor Nedrow questioned the advertising for Casa and if they decided to delineate the Chamber and Casa would this be enough. Casa Manager Linda Matthews answered that it would be.

Public Works Department: No changes

Debt Service: No changes.

General Funds: Mr. West explained that these are capital expenditures. This is police cars and a cab and chassis for animal control. There is \$10,000 budget for chip and seal for the parking lot.

HURF: Highway User Revenue Funds that comes from the State to maintain roads. This money is strictly to be used for maintaining roads. This is a tax imposed through ADOT. It's then allocated to each city and town.

Senior Center: Sharon reported that in order to make ends meet at the senior center they sold a van. Including the sale of the van, a savings account of \$3,000 a total of \$58,889.00 was transferred. This year they are asking for \$61,501.00 a difference of \$2, 612.00. They lost the \$13,000 Headstart contract this year.

Mr. West explained that 90% or more of Sharon's funding sources is grants other than what the town transfers from general fund. If she doesn't get the grant, it's gone.

Councilman Baca stated that he was not in favor of cutting employees medical benefits with so many years of service.

Mr. West explained that some of the positions in Sharon's department are grant funded so they live and die by the grant. We said that we would not allow this to happen to an employee with 21 years of service. She was given many options, but she came up with the option of changing her health insurance from family to single coverage.

Ms. Asquith advised the council that the option exists to give the senior center another \$10,000 for her budget.

The council recommended that they move \$10,000 from contingency fund to the senior center. Sharon stated that she would use the money to keep one of her employees on full time status.

Airport: No changes

Tourism Tax: Mr. West explained that this is tax collected from sales tax for special projects or needs throughout the community. Requests go through a committee recommendation and then approved through the council. They would like to go through that committee to help fund the annual ATV event.

The consensus of the council was to budget money into public relations to fund the ATV event.

Sewer Fund Revenue: This is miscellaneous revenue for bulk sewer dumping.

Water Fund Revenue: No changes

Sewer Fund: No changes.

Mayor Nedrow asked for clarification on the total number on the working budget or has it changed.

Karen advised her that the basic budget number has not changed. Karen asked for direction on what to bring back as a tentative budget.

\$10,000 for Sharon's budget and do they want her to take out the raises.

Three council members stated that they were in favor of the tentative budget with raises. Councilman Thebeau said that he would like to meet with Mr. West next week and Mayor Nedrow did not state what her preference would be.

Mayor Nedrow called for a motion to adjourn:

Phelps Wilkins/Ron Thebeau motion to adjourn the work session at 7:30 p.m.

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Mary Nedrow, Mayor

ATTEST:

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Town Clerk

I hereby certify that the foregoing is a true and correct copy of the minutes of the Springerville Town Council in a budget work session on Wednesday June 25, 2008. I further certify that the meeting was duly called and a quorum was present.

Dated this 2<sup>nd</sup> day of July 2008.

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Town Clerk